

March 20, 2002

Mary Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: Western Massachusetts Electric Company, D.T.E. 01-99

Dear Secretary Cottrell:

For the reasons set forth below, the Attorney General provides notice of his intent not to file a brief in connection with the Department of Telecommunications and Energy's ("Department") consideration of the petition filed by Western Massachusetts Electric Company ("WMECo" or "Company") seeking approval for amendments to the existing power contract between the Company and the Vermont Yankee Nuclear Power Corporation ("Vermont Yankee"). The amendatory agreement relates to Vermont Yankee's sale of its nuclear power station ("Station") to Entergy Nuclear Vermont Yankee, L.L.C. currently under review before the Vermont Public Service Board, Docket 6545.

The Vermont Yankee Station consists of a single nuclear power plant located in Vernon, Vermont with a nominal capacity of 540 megawatts. WMECo has a 2.5 percent ownership interest in the Station. On November 19, 2001, the Company filed a petition with the Department requesting approval of the proposed divestiture, an auction sale conducted by J.P. Morgan. The Attorney General intervened in the proceeding. After discovery and a procedural conference, the Department held an evidentiary hearing in this matter on February 27, 2002. The Company presented the testimony of Richard A. Soderman, Director of Regulatory Policy and Planning for Northeast Utilities Service Company and its operating companies and affiliates.

During his cross-examination of Mr. Soderman, the Attorney General posed questions regarding the sharing of excess funds on delayed decommissioning, among others areas of concern related to the divestiture. This issue, and others, has been addressed in the "Memorandum of Understanding Among Energy Nuclear Vermont Yankee, LLC, Vermont Yankee Nuclear Power Corporation, Central Vermont Public Service Corporation, Green Mountain Power Corporation, and the Vermont Department of Public Service" ("MOU"), submitted to the State of Vermont Public

Service Board on March 6, 2002. This memorandum of understanding, and the pre-filed testimony from the Vermont proceeding which provides the necessary background for the memorandum, complete the Department's record.¹

The MOU addresses, among other items of value, excess funds on delayed decommissioning in Section 3. Section 3 states that in the event there are excess funds on delayed decommissioning paid to Vermont Yankee, these funds will inure to the benefit of electric consumers. WMECo agrees that any share of such funds it may receive will similarly inure to the benefit of WMECo's electric customers. To the extent that other terms of the MOU create value for Vermont Yankee, WMECo has agreed to make all reasonable efforts to ensure that this value will also inure to the benefit of WMECo's customers. A copy of WMECo's commitment to pass through to customers any extra benefits associated with the MOU is enclosed with this letter.

Based upon a review of the record evidence relevant to the issues before the Department in this proceeding, the Attorney General has not identified any issues which require further comment and has no objection to the sale in light of the supplemented record. Consistent with the Department's custom and practice, the ratemaking treatment of the divestiture will be an issue for WMECo's transition cost reconciliation proceeding.

Sincerely,

Alexander J. Cochis
Assistant Attorney General

enc.

cc: Service List

¹ On March 15, 2002, the Attorney General filed a motion to supplement the record with both the MOU and the prefiled testimony from the Vermont proceeding. All parties assent to this motion.